



(Office of the Assistant Secretary

DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

04 JUN 1998

MEMORANDUM FOR ALMAJCOM-DRU-FOA (CONTRACTING)

FROM: SAF/AQC
1060 Air Force Pentagon
Washington DC 20330-1060

SUBJECT: Award of Contracts Requiring Access to U.S. Classified Information to
Saudi Arabian Companies (OUSDP Memo, 14 Apr 98)

Subject memo (attached) advises that contracts which require use of U.S. classified information should not be placed with Saudi companies due to the absence of a reciprocal industrial security agreement. We will advise when circumstances change. Please ensure appropriate dissemination of subject memo within contracting channels.

TERRY L. RANEY, Colonel, USAF
Acting Associate Deputy Assistant
Secretary (Contracting)
Assistant Secretary (Acquisition)

Attachment:
OUSDP Memo, 14 Apr 98

cc:
AFPEO/AT/BA/FB/JL/SP/WP/WS
ASC/CC
ESC/CC
HSC/CC
OC-ALC/CC
OO-ALC/CC
SA-ALC/CC
SM-ALC/CC
SMC/CC
WR-ALC/CC

PK	QPR	OCR	INFO
PKP	✓		
PKX			
PKO			
PK-(3)			
LBK			
LFK	✓		
LJK			
LKK			
LNK	✓		
LUK			
LXK			
LYK			
LQK			

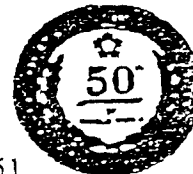
Other

DATE IN: 6-12-98
DATE OUT: 6-12-98

Atch 98-4C (FAR 4) Post to FAR 4.4 by circling the reference and noting in the margin: "See 64-10, Atch 98-4C filed at FAR 4." Then file the Atch behind the sups to FAR 4.



OFFICE OF THE UNDER SECRETARY OF DEFENSE
2000 DEFENSE PENTAGON
WASHINGTON, DC 20301-2000



APR 14 1998

I-98/65551

POLICY

MEMORANDUM FOR CHIEF, INFORMATION SECURITY
DEPARTMENT OF THE AIR FORCE
ASSISTANT FOR INFORMATION AND SECURITY
DEPARTMENT OF THE NAVY
CHIEF, INFORMATION AND PERSONNEL SECURITY
DEPARTMENT OF THE ARMY

SUBJECT: Award of Contracts Requiring Access to U.S. Classified Information to
Saudi Arabian Companies

It has come to our attention that DoD Components may not be fully informed of the lack of industrial security protections in Saudi Arabia. The United States and Saudi Arabia have no reciprocal industrial security agreement between the two countries. Moreover, the Government of Saudi Arabia has not yet established an industrial security program. The only Saudi company which currently holds an industrial security facility security clearance is the Advanced Electronics Company (AEC). All other Saudi companies, including joint venture companies, do not hold facility security clearances and thus are not eligible for work involving U.S. classified information until the Government of Saudi Arabia provides a facility security clearance.

We do not concur with the opinion expressed by some elements of DoD that a joint venture company incorporated in Saudi Arabia can be considered a U.S. person based on some provisions of its bylaws. Pursuant to section 120.16 of the International Traffic in Arms Regulation, 22 CFR 120.16, a company that is not incorporated to do business in the United States is a foreign person. Placement of classified contracts to foreign contractors is governed by section 8-104 of the DoD Industrial Security Regulation, DoD 5220.22-R.

We have recently reinitiated discussions with the Government of Saudi Arabia concerning establishment of a Saudi industrial security program and, subsequently, a reciprocal industrial security agreement. We will notify you once such an agreement has been concluded. In the interim, please ensure that your components do not place contracts with Saudi companies which require use of U.S. classified information.

Susan C. Ludlow-MacMurray
Director, International Security Programs

cc: OASD/C3I, Director, Security Programs

DSS 325-1529

4-10 Atch 98-4C (FAR 4)

04/13/98 23:58

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